

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ADP-00 AGR-20 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-15 USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 RSR-01

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R 28040Z AUG 73

FM AMEMBASSY TANANARIVE

TO SECSTATE WASHDC 5585

INFO ANEMBASSY PARIS 1658

AMEMBASSY BONN

USMISSION EC BRUSSELS

LIMITED OFFICIAL USE ANANARIVE 1193

E. O. 11652: DEC

N 8/27/74

TAGS: ETRD, MA, EEC, US

SUBJ: GOMR ANNOUNCES NEW NON-DISCRIMINATORY IMPORT LICENSING
SYSTEM.

REFS: A) TANANARIVE 1002(NOTAL; B) TANANARIVE 1161(NOTAL)

1. BEGIN SUMMARY: NEW MALAGASY IMPORT SYSTEM WILL REQUIRE LICENSES
FOR ALL IMPORTS INCLUDING THOSE FROM FRANCE AND OTHER EEC
COUNTRIES.

THIS COULD WELL STRENGTHEN COMPETITIVE POSITION OF US GOODS VIS A
VIS IMPORTS FROM EEC COUNTRIES, THOUGH GOMR EFFORTS TO RESTRICT LEV-
EL OF IMPORTS WILL REDUCE MARKET FOR MANY PRODUCTS IN FORESEEABLE
FUTURE. END SUMMARY.

2. AUGUST 27 "MADPRESSE" REPORTS THAT DURING 24 AUG MEETING,
MALAGASY
COUNCIL OF MINISTERS ADOPTED NEW DECREE WHICH APPLIES EXISTING CURR-
ENCY CONTROLS TO IMPORTS AND EXPORTS. MOST IMPORTANT PROVISION OF
DECREE IS REQUIREMENT THAT HENCEFORTH ALL IMPORTS FROM WHATEVER
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SOURCE WILL REQUIRE AUTHORIZATIONS OF LICENSES. DECREE THUS ALTERS EXISTING SYSTEM UNDER WHICH LICENSES WERE REQUIRED ONLY FOR IMPORTS

COMING FROM NON-EEC OR NON-FRENCH FRANC ZONE COUNTRIES, INCLUDING UNITED STATES. ACCORDING TO "MADPRESSE", PURPOSE OF NEW DECREE IS TO MONITOR CLOSELY MOVEMENT OF FOREIGN TRADE NECESSITATED BY MADAGAS-

CAR'S DEPARTURE FROM FRENCH FRANC ZONE AND CONCERN FOR JUDICIOUS USE OF FOREIGN EXCHANGE RESERVES.

3. "MADPRESSE ARTICLE CONTAINS NO DETAILS REGARDING NEW SYSTEM EXCEPT

TO INDICATE THAT IMPORT AUTHORIZATIONS AND LICENSES WILL BE VALID ONLY FOR SPECIFIED PERIODS. WE UNDERSTAND THAT FOLLOWING COUNCIL OF MINISTERS MEETING, MINISTRY OF ECON & FINANCE IS MAKING CHANGES IN DECREE AND IT WILL PROBABLY NOT BE PUBLISHED BEFORE END OF WEEK. EMBASSY WILL REPORT DETAILS AS SOON AS AVAILABLE.

4. NEW NON-DISCRIMINATORY IMPORT SYSTEM IN PART REFLECTS DESIRE OF GOMR TO GIVE MADAGASCAR OPPORTUNITY OF PURCHASING GOODS ABOARD WHERE

PRICES ARE BEST, AND IS MOVE IN DIRECTION WE HAVING BEEN URGING MALAGASY LEADERS (REF A). SYSTEM COULD WELL STRENGTHEN COMPETITIVE POSITION OF U.S. GOODS VIS A VIS THOSE FROM FRANCE AND OTHER EEC COUNTRIES THOUGH MUCH WILL DEPEND ON HOW GOMR IMPLEMENTS ITS PROVIS-

IONS. SINCE GOVT HAS ALREADY INDICATED ITS INTENTION TO HOLD DOWN IMPORTS, IT IS LIKELY OVERALL SIZE OF MARKET WILL BE DIMINISHING FOR MANY TYPES OF PRODUCTS, PARTICULARLY THOSE DEFINED BY GOMR AS "LUX-URY ITEMS". IF GOMR IS REQUIRED TO PURCHASE LARGE AMOUNTS OF RICE ABROAD AT PRESENT INFLATED WORLD PRICES, AS IT NOW APPEARS IT WILL (REF B), NEED TO HOLD DOWN IMPORTS WILL BECOME EVEN MORE IMPERATIVE.

5. GERMAN COMMERCIAL ATTACHE REMARKED TO EMBOFF OVER PAST WEEKEND

THAT NEW IMPORT LICENSING SYSTEM IS PROBABLY IN VIOLATION OF YAOUNDE II CONVENTION SINCE IT IN EFFECT IMPOSES LIMITATION ON IMPORTS FROM MEMBER COUNTRIES. OUR READING OF THAT CONVENTION IS THERE ARE SAFE-GUARD PROVISIONS WHICH ALLOW EEC ASSOCIATED STATES TO IMPOSE SUCH RESTRICTIONS UNDER SPECIAL CIRCUMSTANCES. VIEW EXPRESSED BY GERMAN CML ATTACHE MAY WELL BE POSITION TO BE TAKEN BY GERMAN, FRENCH, AND OTHER EEC COUNTRY GOVTS WITH RESPECT TO NEW IMPORT SYSTEM. MENDENHALL

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 28 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: hilburpw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TANANA01193
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: TANANARIVE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730867/aaaajwvx.tel
Line Count: 111
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) TANANARIVE 1002(NOTAL; B) TANANAR, IVE 1161(NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: hilburpw
Review Comment: n/a
Review Content Flags:
Review Date: 24 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24-Sep-2001 by hilburpw>; APPROVED <24-Sep-2001 by hilburpw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980310
Subject: GOMR ANNOUNCES NEW NON-DISCRIMINATORY IMPORT LICENSING SYSTEM.
TAGS: ETRD, MA, US, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005